

CITY COUNCIL REPORT



Meeting Date: October 24, 2023
 Charter Provision: *Provide for orderly government and administration of the affairs of the city*
 General Plan Goal: *Adopt Budgets*

ACTION

FY 2023/24 CIP Budget Adjustments. Adopt Resolution No. 12950 authorizing FY 2023/24 Capital Improvement Plan (CIP) budget adjustments.

BACKGROUND

The FY 2023/24 budget was adopted June 13, 2023, by Ordinance No. 4602. Section 2 of Ordinance No. 4602 allows expenditures to be made from budget contingencies and reserves upon recommendation of the City Manager and approval of the City Council.

Additionally, Article 6, Section 11 of the Scottsdale City Charter allows the transfer of any unencumbered appropriation balance or portion thereof, at the request of the City Manager, between general classifications of expenditures within an office, department, or agency or from one office, department, or agency to another with the approval of City Council.

ANALYSIS & ASSESSMENT

CIP Budget Update – CIP projects that require a change in the budgeted amount.

The budget adjustments are summarized on the following pages.

Bond 2019 Updates

Three Bond 2019 projects are complete and three other projects in the program need the available budget appropriation, five projects are requesting the use of interest earnings, and one project requires Art in Public Places budget appropriation.

1. The Scottsdale Public Art request to transfer public art funding between two projects. A FY 2023/24 Capital Budget transfer of up to \$18,000 from 55 - Build a 17-Acre Neighborhood Park

at Ashler Hills Drive and 74th Way (Whisper Rock) (PH02) project to the 42 - Add a Dog Park to Thompson Peak Park (PI06) to be funded by the General Fund.

At the June 12, 2023 and the September 18, 2023 meetings, the Citizens Bond Oversight Committee unanimously approved the recommendation to City Council to approve the following:

2. A FY 2023/24 Capital Budget appropriation transfer of up to \$5,093 from the 11 - Replace Document Management System to Improve Public Access to Information (JH02) project to the 09 - Install Fiber Optic Infrastructure to Reduce Operating Costs (JG02) project to be funded by the 2019 GO Bond Fund. The 11 - Replace Document Management System to Improve Public Access to Information project will be closed once the transfer is complete.
3. A FY 2023/24 Capital Budget appropriation transfer of up to \$11,271 from the 24 – Install High Efficiency Sports Lighting at 4 Facilities (PG07) project to the 02 - Add Splash Pad and Improve Walkways at McCormick-Stillman Railroad Park (PH01) project to be funded by the 2019 GO Bond Fund. The 24 – Install High Efficiency Sports Lighting at 4 Facilities project will be closed once the transfer is complete.
4. A FY 2023/24 Capital Budget appropriation transfer of up to \$87,936 from the 52 - Expand Restrooms in WestWorld North Hall (DG06) project and up to \$42,687 from the 46 - Replace the Public Address System at WestWorld (DH06) project to the 45 – Renovate WestWorld Horse Barns to Increase Rentable Space (DH05) project to be funded by the 2019 GO Bond Fund.
5. The allocation of interest earnings towards the following projects:
 - a. A FY 2023/24 General Fund Capital Contingency Budget Appropriation transfer of up to \$75,000 to the 53 - Build Multi-Use Sport Fields in the area of Bell Road (PG09) project, to be funded by the General Obligation Bond 2019 Interest Earnings.
 - b. A FY 2023/24 General Fund Capital Contingency Budget Appropriation transfer of up to \$75,000 to the 09 - Install Fiber Optic Infrastructure to Reduce Operating Costs (JG02) project, to be funded by the General Obligation Bond 2019 Interest Earnings.
 - c. A FY 2023/24 General Fund Capital Contingency Budget Appropriation transfer of up to \$75,000 to the 42 - Add a Dog Park to Thompson Peak Park (PI06) project, to be funded by the General Obligation Bond 2019 Interest Earnings.
 - d. A FY 2023/24 General Fund Capital Contingency Budget Appropriation transfer of up to \$250,000 to the 23 - Repair Lakes and Irrigation at Vista del Camino Park in the Indian Bend Wash (PH03) project, to be funded by the General Obligation Bond 2019 Interest Earnings.
 - e. A FY 2023/24 General Fund Capital Contingency Budget Appropriation transfer of up to \$125,000 to the 28 - Build a New Fire Station near Hayden Road and the Loop 101

to Improve Response Times (BI02) project, to be funded by the General Obligation Bond 2019 Interest Earnings.

CIP 2024 Revenue Bond Update

The Water Campus Administrative Building Expansion and New Regulatory Lab – Sewer (VJ08) and the Water Campus Administrative Building Expansion and New Regulatory Lab – Water (WJ04) will be replacing MPC Bond funding with the Revenue Bonds. Staff is requesting a FY 2023/24 Capital Budget Appropriation transfer of up to \$6,000,000 from the Water Campus Administrative Building Expansion and New Regulatory Lab – Sewer MPC Bonds to the Water Campus Administrative Building Expansion and New Regulatory Lab – Sewer CIP 2024 Revenue Bonds and up to \$12,000,000 from the Water Campus Administrative Building Expansion and New Regulatory Lab – Water MPC Bonds to the Water Campus Administrative Building Expansion and New Regulatory Lab – Water CIP 2024 Revenue Bonds.

Water Campus Administrative Building Expansion and New Regulatory Lab – Sewer	Original Budget
639 - CIP 2024 Revenue Bonds - Sewer	175,000
631 - MPC Bonds	6,000,000
Total	6,175,000

Water Campus Administrative Building Expansion and New Regulatory Lab – Sewer	Adjusted Budget
639 - CIP 2024 Revenue Bonds - Sewer	6,175,000
631 - MPC Bonds	-
Total	6,175,000

Water Campus Administrative Building Expansion and New Regulatory Lab – Water	Original Budget
638 - CIP 2024 Revenue Bonds - Water	4,441,000
632 - MPC Bonds	12,000,000
Total	16,441,000

Water Campus Administrative Building Expansion and New Regulatory Lab – Water	Adjusted Budget
638 - CIP 2024 Revenue Bonds - Water	16,441,000
632 - MPC Bonds	-
Total	16,441,000

Water Quality Lab Equipment Replacement

The Water Quality Lab Equipment Replacement (WG05) CIP project will be replaced with the Water Quality Equipment and Software (WJ06) CIP project. The Water Quality Lab Equipment Replacement project may be closed once the transfer is complete. Staff is requesting a FY 2023/24 Capital Budget Appropriation transfer of up to \$250,000 from the Water Quality Lab Equipment Replacement project to the Water Quality Equipment and Software project to be funded by the Water and Sewer Rates Fund.

Water Management Updates

The Water Management Division is requesting the following budget adjustments:

1. A FY 2023/24 Capital Budget appropriation transfer of up to \$183,502 from the Miscellaneous Wastewater System Improvements (VJ04) project to the Wastewater System Improvements (VF06) project to be funded by the Sewer Development Fees. The Miscellaneous Wastewater System Improvements project will be closed following the transfer.

City Council Report | FY 2023/24 CIP Budget Adjustments

Miscellaneous Wastewater System Improvements	Original Budget
605 - Sewer Rates	62,000
628 - Sewer Development Fees	2,089,000
Total	2,151,000

Miscellaneous Wastewater System Improvements	Adjusted Budget
605 - Sewer Rates	62,000
628 - Sewer Development Fees	1,905,498
Total	1,967,498

Wastewater System Improvements	Original Budget
605 - Sewer Rates	41,484,833
628 - Sewer Development Fees	1,905,498
Total	43,390,331

Wastewater System Improvements	Adjusted Budget
605 - Sewer Rates	41,484,833
628 - Sewer Development Fees	2,089,000
Total	43,573,833

2. A FY 2023/24 Capital Budget appropriation transfer of up to \$21,200 from the Site 42 Reservoir Storage Expansion (WF02) project Water Development Fees to the Site 42 Reservoir Storage Expansion (WF02) project Water Rates.

Site 42 Reservoir Storage Expansion	Original Budget
626 - Water Development Fees	7,011,200
602 - Water Rates	775,000
Total	7,786,200

Site 42 Reservoir Storage Expansion	Adjusted Budget
626 - Water Development Fees	6,990,000
602 - Water Rates	796,200
Total	7,786,200

3. A FY 2023/24 Capital Budget appropriation transfer of up to \$30,000 from the New Well North of Loop 101 near Hayden ASR Well 159 (WF05) project Water Development Fees to the New Well North of Loop 101 near Hayden ASR Well 159 (WF05) project Water Rates.

New Well North of Loop 101 near Hayden ASR Well 159	Original Budget
626 - Water Development Fees	8,227,000
602 - Water Rates	888,000
Total	9,115,000

New Well North of Loop 101 near Hayden ASR Well 159	Adjusted Budget
626 - Water Development Fees	8,197,000
602 - Water Rates	918,000
Total	9,115,000

4. A FY 2023/24 Capital Budget appropriation transfer of up to \$4,399,378 from the East Dynamite Area Transmission Main (WD01) project to the: 1) New Well North of Loop 101 near Hayden ASR Well 159 (WF05) project (up to \$1,000,000); 2) Crossroads East - Water System Improvements (WF06) project (up to \$1,000,000); and 3) Deep Well Recharge/Recovery Projects (WF08) project (up to \$2,399,378) to be funded by the CIP Water Rates.

City Council Report | FY 2023/24 CIP Budget Adjustments

East Dynamite Area Transmission Main	Original Budget
632 - MPC Bonds	350,000
602 - Water Rates	4,450,000
626 - Water Development Fees	1,827,000
Total	6,627,000

East Dynamite Area Transmission Main	Adjusted Budget
632 - MPC Bonds	350,000
602 - Water Rates	50,622
626 - Water Development Fees	1,827,000
Total	2,227,622

New Well North of Loop 101 near Hayden ASR Well 159	Original Budget
626 - Water Development Fees	8,227,000
602 - Water Rates	888,000
Total	9,115,000

New Well North of Loop 101 near Hayden ASR Well 159	Adjusted Budget
626 - Water Development Fees	8,227,000
602 - Water Rates	1,888,000
Total	10,115,000

Crossroads East - Water System Improvements	Original Budget
626 - Water Development Fees	12,459,500
602 - Water Rates	2,569,000
Total	15,028,500

Crossroads East - Water System Improvements	Adjusted Budget
626 - Water Development Fees	12,459,500
602 - Water Rates	3,569,000
Total	16,028,500

Deep Well Recharge/Recovery Projects	Original Budget
602 - Water Rates	56,038,697
614 - Grant	1,500,000
Total	57,538,697

Deep Well Recharge/Recovery Projects	Adjusted Budget
602 - Water Rates	58,438,075
614 - Grant	1,500,000
Total	59,938,075

Arterial Life Cycle Program (ALCP)

The Redfield Road: Raintree Drive to Hayden Road was complete in November 2022 and the final Arterial Life Cycle Program (ALCP) project reimbursement request was processed in May 2023. Staff is requesting a FY 2023/24 Capital Budget Appropriation transfer of up to \$214,408 from the Redfield Road: Raintree Drive to Hayden Road (SB56) to Raintree Drive: Hayden Road to Arizona State Route 101 (SC02) to be funded by the Transportation 0.1% Sales Tax (\$13,372) and the Arterial Life Cycle Program Fund (\$201,036). The Redfield Road: Raintree Drive to Hayden Road CIP project will be closed once the transfer is complete.

RESOURCE IMPACTS

The required appropriation needed to cover the budget adjustments exist in the city's adopted FY 2023/24 Capital Improvement Plan budgets.

OPTIONS & STAFF RECOMMENDATION

Staff recommends the adoption of Resolution No. 12950 authorizing FY 2023/24 the Capital Improvement Plan (CIP) budget adjustments.

RESPONSIBLE DEPARTMENT(S)


City Treasurer Division, Public Works Division

STAFF CONTACT(S)

Ana Lia Johnson, Interim Budget Director, (480) 312-7893, AnJohnson@Scottsdaleaz.gov

Dan Worth, Public Works, (480) 312-5555, daworth@scottsdaleaz.gov

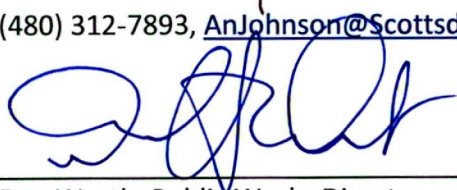
APPROVED BY



Ana Lia Johnson, Interim Budget Director
(480) 312-7893, AnJohnson@Scottsdaleaz.gov

Date

10/3/2023



Dan Worth, Public Works Director
(480) 312-5555, daworth@scottsdaleaz.gov

Date

10-3-23

ATTACHMENTS

1. Resolution No. 12950

RESOLUTION NO. 12950

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING BUDGET ADJUSTMENTS RELATED TO THE CAPITAL IMPROVEMENT PLAN FOR THE PURPOSE OF ACCURATELY EXPENSING THE FISCAL YEAR 2023/24 BUDGET.

WHEREAS, current estimates of revenues and expenditures differ from forecasts used to create the FY 2023/24 budget;

WHEREAS, Section 2 of Ordinance No. 4602 allows expenditures to be made from budget contingencies and reserves upon recommendation of the City Manager and approval of the City Council;

WHEREAS, Article 6, Section 11 of the Scottsdale City Charter permits the transfer of any unencumbered appropriation balance or portion thereof between general classifications of expenditures within an office, department, or agency or from one office, department, or agency to another with the approval of the City Council;

WHEREAS, the City is required to balance its budget and all associated funds;

WHEREAS, State law permits the transfer of monies between budget items if the money is available, the transfer is in the public interest and based on a demonstrated need, the transfer does not result in a violation of the expenditure limitation, and a majority of the Council approves the transfer at a public meeting;

WHEREAS, the money for the requested transfers is available, the transfers are in the public interest and based on a demonstrated need, and the transfers do not result in a violation of the expenditure limitation;

WHEREAS, the City Manager recommends the budget adjustments and cash transfers described and estimated in this Resolution; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Scottsdale, Maricopa County, Arizona that the following budget transfers and adjustments are hereby authorized:

Section 1. A FY 2023/24 Capital Budget transfer of up to \$18,000 from 55 - Build a 17-Acre Neighborhood Park at Ashler Hills Drive and 74th Way (Whisper Rock) (PH02) project to the 42 - Add a Dog Park to Thompson Peak Park (PI06) to be funded by the General Fund.

Section 2. A FY 2023/24 Capital Budget appropriation transfer of up to \$5,093 from the 11 - Replace Document Management System to Improve Public Access to Information (JH02) project to the 09 - Install Fiber Optic Infrastructure to Reduce Operating Costs (JG02) project to be funded by the 2019 GO Bond Fund. The 11 - Replace Document Management System to Improve Public Access to Information project will be closed once the transfer is complete.

Section 3. A FY 2023/24 Capital Budget appropriation transfer of up to \$11,271 from the 24 - Install High Efficiency Sports Lighting at 4 Facilities (PG07) project to the 02 - Add Splash Pad and Improve Walkways at McCormick-Stillman Railroad Park (PH01) project to be funded by

the 2019 GO Bond Fund. The 24 – Install High Efficiency Sports Lighting at 4 Facilities project will be closed once the transfer is complete.

Section 4. A FY 2023/24 Capital Budget appropriation transfer of up to \$87,936 from the 52 - Expand Restrooms in WestWorld North Hall (DG06) project and up to \$42,687 46 - Replace the Public Address System at WestWorld (DH06) project to the 45 – Renovate WestWorld Horse Barns to Increase Rentable Space (DH05) project to be funded by the 2019 GO Bond Fund.

Section 5. A FY 2023/24 General Fund Capital Contingency Budget Appropriation transfer of up to \$75,000 to the 53 - Build Multi-Use Sport Fields in the area of Bell Road (PG09) project, to be funded by the General Obligation Bond 2019 Interest Earnings.

Section 6. A FY 2023/24 General Fund Capital Contingency Budget Appropriation transfer of up to \$75,000 to the 09 - Install Fiber Optic Infrastructure to Reduce Operating Costs (JG02) project, to be funded by the General Obligation Bond 2019 Interest Earnings.

Section 7. A FY 2023/24 General Fund Capital Contingency Budget Appropriation transfer of up to \$75,000 to the 42 - Add a Dog Park to Thompson Peak Park (PI06) project, to be funded by the General Obligation Bond 2019 Interest Earnings.

Section 8. A FY 2023/24 General Fund Capital Contingency Budget Appropriation transfer of up to \$250,000 to the 23 - Repair Lakes and Irrigation at Vista del Camino Park in the Indian Bend Wash (PH03) project, to be funded by the General Obligation Bond 2019 Interest Earnings.

Section 9. A FY 2023/24 General Fund Capital Contingency Budget Appropriation transfer of up to \$125,000 to the 28 - Build a New Fire Station near Hayden Road and the Loop 101 to Improve Response Times (BI02) project, to be funded by the General Obligation Bond 2019 Interest Earnings.

Section 10. A FY 2023/24 Capital Budget Appropriation transfer of up to \$6,000,000 from the Water Campus Administrative Building Expansion and New Regulatory Lab – Sewer (VJ06) MPC Bonds to the Water Campus Administrative Building Expansion and New Regulatory Lab – Sewer CIP 2024 Revenue Bonds and up to \$12,000,000 from the Water Campus Administrative Building Expansion and New Regulatory Lab – Water (WJ04) MPC Bonds to the Water Campus Administrative Building Expansion and New Regulatory Lab – Water CIP 2024 Revenue Bonds.

Section 11. A FY 2023/24 Capital Budget Appropriation transfer of up to \$250,000 from the to the Water Quality Lab Equipment Replacement (WG05) project to the Water Quality Equipment and Software (WJ06) project to be funded by the Water and Sewer Rates Fund.

Section 12. A FY 2023/24 Capital Budget appropriation transfer of up to \$183,502 from the Miscellaneous Wastewater System Improvements (VJ04) project to the Wastewater System Improvements (VF06) project to be funded by the Sewer Development Fees.

Section 13. A FY 2023/24 Capital Budget appropriation transfer of up to \$21,200 from the Site 42 Reservoir Storage Expansion (WF02) project Water Development Fees to the Site 42 Reservoir Storage Expansion (WF02) project Water Rates.

Section 14. A FY 2023/24 Capital Budget appropriation transfer of up to \$30,000 from the New Well North of Loop 101 near Hayden ASR Well 159 (WF05) project Water Development Fees to the New Well North of Loop 101 near Hayden ASR Well 159 (WF05) project Water Rates.

Section 15. A FY 2023/24 Capital Budget appropriation transfer of up to \$4,399,378 from the East Dynamite Area Transmission Main (WD01) project to the: 1) New Well North of Loop 101 near Hayden ASR Well 159 (WF05) project (up to \$1,000,000); 2) Crossroads East - Water System Improvements (WF06) project (up to \$1,000,000); and 3) Deep Well Recharge/Recovery Projects (WF08) project (up to \$2,399,378) to be funded by the CIP Water Rates.

Section 16. A FY 2023/24 Capital Budget Appropriation transfer of up to \$214,408 from the Redfield Road: Raintree Drive to Hayden Road (SB56) to Raintree Drive: Hayden Road to Arizona State Route 101 (SC02) to be funded by the Transportation 0.1% Sales Tax (\$13,372) and the Arterial Life Cycle Program Fund (\$201,036).

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona this 24th day of October, 2023.

CITY OF SCOTTSDALE, an
Arizona municipal corporation

ATTEST:

Ben Lane, City Clerk

David D. Ortega, Mayor

APPROVED AS TO FORM:



Sherry R. Scott, City Attorney
By: Eric C. Anderson, Senior Assistant City Attorney